

CITY MANAGER FINAL BUDGET MESSAGE FOR FY 2013-15
(Revised July 1, 2013)



CITY OF SAN PABLO
City of New Directions

Date of Release: Revised July 1, 2013

CITY MANAGER BUDGET MESSAGE:
FINAL ADOPTED FY 2013-15 TWO-YEAR BIENNIAL OPERATING BUDGET

To the Honorable Mayor and Members of the San Pablo City Council:

Please accept on behalf of myself and the City's Budget Team, the Final Adopted Two-Year Biennial Annual Operating Budget for Fiscal Year 2013-15. This FINAL ADOPTED BUDGET document provides detailed information about the revenues and expenditures forecasted for the City in the coming two-year operational period.

STRATEGIC FISCAL REFORM (FY 2011-13)

The City of San Pablo has emerged from the impacts of a downturned economy experienced during the FY 2012-13 period with a **growing stable, but cautious, financial position**. During the last FY 2011-13 period, the City has benefited tremendously from fiscal constraints and other cost containment policies implemented as part of an overall strategic fiscal reform to position the organization with a stable, but concerned financial outlook.

Under City Council direction, City staff were able to achieve several strategic fiscal reforms during the economic downturn over the last FY 2011-13 period, as follows:

- City-wide Reallocation and Consolidation of Departmental Spending
- Generated 3-year operational savings from Labor Partnership MOUs
- Implemented Cal-PERS Early Retirement Service Credit Programs
- Implemented cost efficiencies and enhanced service delivery
- Implemented new Master Fee Schedule Adjustments
- Implemented RDA Dissolution
- Implemented the re-direction of RDA activities to General Fund and San Pablo Economic Development Corporation
- Implemented succession planning due to key retirements
- Implemented use of new information technology into service delivery
- Implemented zero-based budgeting techniques to reduce spending
- Implemented a ten-year sales tax measure to protect local city services from future state subventions
- Reduced General Fund subsidies
- Received State grants and other non-GF sources of funding for projects in the wake of redevelopment reform
- Supplanted RDA operational funding with General Fund to reconstitute full operation and viability of the San Pablo Economic Development Corporation

These fiscal reform achievements have greatly positioned the City to develop activities and programs that will provide essential services that the community needs and wants, especially in the areas of job training, public safety, youth services, and local business development. Secondly, the City continues to successfully implement redevelopment (RDA) dissolution, and has leveraged the General Fund and Budget Stabilization Fund to effectively invest in attainment of other sources of alternative funding (i.e. New Market Tax Credit Financing) to ensure ongoing project development of key major public projects to serve the community.

Following budget adoption by the City Council on June 3, 2013, the City is now in a better financial position to plan for other pre-identified financial contingencies on the horizon, and enable the City to focus on strategic economic objectives to develop economic diversification in accordance with the core values and needs of the community at-large to meet those financial challenges.

FISCAL CHALLENGES FOR FISCAL YEAR 2013-15

A BALANCED BUDGET PLAN, BUT RISKS REMAIN

After reviewing these fiscal reform achievements, the City expects FY 2013-15 to be a period focused on **gradual optimism, with a note of caution, as risks do remain**. The City of San Pablo's fiscal outlook needs to be one focused on the implementation of guiding principles of "fiscal resiliency" to ensure that enough resources are safely earmarked for dealing with future financial contingencies.

The City does not have a windfall of revenue to spend. There must be continued resolve by City Council and City staff to monitor and ensure that modest revenue increases balance with very careful management of expenses as the City's budget stabilizes, with revenues and expenses in close alignment. Additionally, this also includes careful management and deployment of Budget Stabilization Funding which grew to a peak of \$6M during the FY 2011-13 period, and quickly deployed to deal with a budget deficit for FY 2012-13, and RDA dissolution impacts. Any additional cost savings from FY 2012-13, once audited, must be carefully administered and deployed as these are "one-time funds" to be saved for a "rainy day" or essential spending following an economic recovery period.

For FY 2013-15, the City will not be faced with a significant deficit or shortfall to manage as we have had to manage in previous years. With the improved financial outlook, the City Manager is pleased to present a Final Adopted Biennial Budget for FY 2013-15 that is balanced with a narrow margin which holds the line on major spending, avoids the need for spending cuts, and allows for investment in staffing resources in a cautionary manner due to increases in operational requirements,

planned new public facilities (i.e. San Pablo Community Center), and the implementation of the Measure Q Sales Tax Measure passed by the local voters in June 2012. Additionally, with the implementation of succession planning due to key retirements during FY 2012-13, the City also anticipates the creation and re-deployment of existing staffing resources at a reduced operating level where internal service delivery, efficiencies, and cost savings can be obtained with no service level impacts to the community.

Despite our good progress, significant work toward long-term fiscal reform remains ahead of us until we achieve a more desirable level of budget stability, with focus on securing necessary amendments to the City's Municipal Services Agreement (MSA) with the Lytton Tribe and Casino San Pablo. This means altering the MSA to protect the City from financial insolvency from the potential Class III gaming required to sustain the Lytton Casino if other Mega Casinos projects become viable in the East Bay region. Meanwhile, the City must continue to implement and support economic strategies which aim at enhancing or protecting General Fund revenue to the City's budget, such as supporting parking expansion for the Lytton Casino to enhance Class II gaming operations which maximize revenue to the City's General Fund. *(Note: Casino revenue represents nearly 60% of General Fund Operating Revenue for the City's General Fund Budget).*

Local business activity will be slow and steady, with anticipated growth primarily focused on health care services, and energy sustainability sectors. Hence, the focus of the former Circle S project site as the City's newest health services campus will allow the City to capitalize on these areas of local and regional economic growth in the future.

Local business development will need ongoing business assistance, job training, and overall support as there will be little private investment in the commercial/residential development areas, with increased regulatory environment anticipated from State of California and Federal government agencies as the public sector seeks new revenue sources. Our San Pablo Economic Development Corporation (SPEDC) is now reconstituted since August 2012 to administer job training programs for the disenfranchised using Measure Q funding and to assist local business development in the future.

Again, it is important to note that the City of San Pablo **remain fiscally resilient** as we take a series of steps to meet new and continuing economic challenges facing our region and the entire nation.

Fiscal Resiliency: fis-cal re-sil-iency

"The power or ability to return, bend, to be stretched; elasticity; or recover readily from financial depression, hardship or adversity; buoyancy."

Proper fiscal management, internal controls, and maintenance of City Departmental expenditure levels while balancing City Council priorities must be made to plan accordingly and to maintain a balance with competing demands for limited resources until economic development strategies are in place.

Keeping to a clear and strong financial plan and maintaining the City's 50% General Fund Reserve Policy, using all year-end cost savings to build up the City's Budget Stabilization Fund level, and careful deployment of these resources to meet unforeseen contingencies will continue to be the goal of this next budget process. Our continued focus on **fiscal resiliency** to ensure long-term economic viability while we work on long-term economic development projects (i.e. Circle S project site; DMC site) will generate additional revenue, and create less dependence on Casino revenue in the future.

RISKS

A number of risks could quickly return the City to fiscal deficits if not addressed:

- The pace of economic recovery is still uncertain. Limited revenue gains must not be dampened by frivolous spending as revenues remain considerably unpredictable.
- Rising health care costs are rampant. As the state implements health care reform, budgetary spending in this area must be monitored to combat the impacts of health care inflation. If this inflation rises faster than expected, annual General Fund spending may be impacted in the short-term to deal with these employee cost factors, including ongoing implementation of the new Affordable Health Care Act on employers.
- Rising retiree health care costs are projected to rise by nearly 40 – 60% for some public agencies. We must continue to monitor this growing liability.
- Deferred maintenance on critical infrastructure and vehicle replacement will need to be monitored as this allows for the delivery of key public services.
- Preservation of Casino revenue and combatting economic threats (i.e. Mega Casinos) to the City's single most important revenue source for the City's General Fund.
- Implementation of CalPERS Method 5 Smoothing Policy and development of a contingency plan for designating future year-end audited fund balance (i.e. BSF funds) to deal with these anticipated liabilities beginning in FY 2015-16 for a five-year period.
- Maintaining a modest and practicable approach to labor partnerships as employee labor MOUs expire by FY 2014-15.
- Budget Stabilization Funds need to be carefully managed to plan for future unforeseen contingencies and impacts to revenue sources. These are "one time funds" and are used primarily to fund the City's CIP Budget at \$2M annually for capital improvements now that redevelopment has dissolved.

FINANCIAL ISSUES FOR POLICY CONSIDERATION

Preserving Casino Revenue and Economic Threats

The City's ongoing reliance on Lytton Casino revenue which represents almost 60% of the City's Annual Operating Revenue continues to be a target for foreseeable economic threats on the City's horizon. These threats include the potential development of two (2) new Class III Casino Projects, such as the Pt. Molate/Guidiville Band Project in the City of Richmond, and Scotts Valley Band of Pomo Indians Casino Project to be located in the unincorporated area of Contra Costa County (North Richmond). Both projects are within the vicinity of San Pablo and remain **serious economic threats** to the City of San Pablo. Their eventual development (or support from the Federal government/Department of Interior/Contra Costa County/City of Richmond) will severely impact the General Fund revenue currently relied upon for ongoing City operations and service delivery in the future. We must maintain and protect our financial interests along with our continued support to the Lytton Rancheria Band of Indians who owns and operates the Lytton Casino.

Limited or Gradual Economic Growth and Unemployment

The City has seen the "bottoming out" of the housing and job market over the last two years. There is slow and gradual growth anticipated in these areas and the City's unemployment rate has improved from a high 22.4% and now decreasing to 16%. Additionally, assessed property value is now on the upslope with a 1-2% growth in assessed value anticipated in the next two-year cycle. There may be some disparities in San Pablo on significant property value growth as West Contra Costa County has experienced more severe assessed value depreciation than the rest of the County.

Overall, limited economic growth anticipated to coincide with a reduced unemployment rate for the San Pablo region is promising news. However, the nation, state and local regions are emerging from an economic recovery period and the City must continue to work with our financial consultants to monitor this limited growth.

RDA Dissolution Impacts

During FY 2011-13, RDA dissolution statutes passed by the State Legislature and signed by the Governor eliminated the state's redevelopment agencies (RDAs) and replaced them with local successor agencies that are tasked with retiring the former RDA's outstanding debts and other legal obligations. The Local Successor Agency for the former Redevelopment Agency for the City of San Pablo has been working diligently to comply with all requirements under the RDA dissolution statutes which include amending the Recognized Obligation Payment Schedules (ROPS) to the State Department of Finance (DOF) every six (6) months which lists all enforceable obligations of the former RDA proposed to be paid by property tax increment, bond revenues, and any other funding available to the former RDAs. State DOF continues to review whether these listed obligations are enforceable under the law,

and has the authority to prohibit payments that are not enforceable. This process is required to continue until all enforceable obligations of the former RDA have been retired. Ongoing costs to administer the RDA dissolution process are considerable and not recovered by the RDA statutes or ROPS which are instead absorbed by the City's General Fund.

CalPERS Method 5 Smoothing Policy Impacts

In April 2013, the CalPERS Board implemented a new Method 5 Smoothing Funding Policy to counteract the impacts of investment losses experienced by CalPERS since 2006. The new Method 5 funding policy shortens the amortization period to 5 years for all contract agencies and places an unexpected, short-term liability cost on local municipalities which contract with CalPERS for pension benefits for their public employees. Beginning in FY 2015/16, the new Method 5 funding policy will impact the employer rate calculation component and result in new actuarial formulas being determined for the period FY 2015/16 through FY 2019/20. In a snapshot, the City's preliminary financial impact could be \$220,327 beginning in FY 2015/16 and culminating to additional cost increase of \$956,047 for FY 2019/20. The City must consider a future mitigation policy which earmarks a portion of year-end audited fund balance through the Budget Stabilization Fund that will cover the anticipated new Method 5 Smoothing Policy financial impacts.

Public Safety – Fire Protection Services

During FY 2012-13, the City Manager had preliminary discussions on the financial and operational impacts of fire protection services provided by the Contra Costa County Fire Protection District (CCCFPD) which provides fire suppression and EMS related services for San Pablo through Fire Station #70. In November 2012, the County-wide Fire Services Parcel Tax Measure failed to garner sufficient voter support (2/3ds) needed County-wide for supporting County-provided fire protection services. Therefore, the CCCFPD and Contra Costa County Board of Supervisors are slated to reduce and close a number of fire stations throughout the County during FY 2013-14. The City is currently in discussion with CCCFPD officials about redefining service delivery given the limited property tax allocation provided to the CCCFPD as a redevelopment local taxing entity to operate Fire Station #70. There are perceived inequities County-wide which may require San Pablo to subsidize a new hybrid Fire Service Model to maintain fire protection and EMS service levels in San Pablo as part of the West County Battalion #7 automatic and mutual aid services umbrella. The City Council could potentially start looking at a future local financing mechanism to support these services in the future as the CCCFPD is facing continued financial and operational impacts with reduced property tax allocation and potential insolvency by FY 2017/18. The CCCFPD's financial issues could have major impacts to the City's General Fund Operating budget in the future as it currently costs CCCFPD between \$2.4 – 2.8M to annually operate Fire Station #70 in San Pablo.

State Budget and Subventions

The Governor's Proposed FY 2013-14 State Budget (May Revise) reflects California's most stable fiscal footing in well over a decade. With the tough spending cuts enacted over the past two years and new temporary revenue provided by the passage of Proposition 30, the State's Budget is projected to remain balanced for the foreseeable future. However, substantial risks, uncertainties, and liabilities do remain and could potentially impact local government in the future. Also, the State Budget reflects a potential budget revenue surplus of \$2.1B which the Governor has stated is "...cash in the bank.", and not necessarily available for spending following Proposition 98 (School Funding).

Proposed legislation in 2013-14 is aimed to strengthen the state's economic development programs to bolster the business environment and reintegrate people in the workforce; thus far, no detailed plans have materialized. There are no other financial impacts planned toward local government as part of the Governor's May Revise FY 2013-14 State Budget at this time.

MEETING THE FISCAL CHALLENGES – BUDGET ASSUMPTIONS

Projected Expenditures

Last budget cycle, the City's Budget Team worked through the challenging budget balancing process to eliminate operating deficits for FY 2011-13 period. As the City developed the DRAFT BUDGET for FY 2013-15, the City's Budget Team again turned to a combination of strategies, including looking to a multi-year approach to our solving financial issues. This included the following:

- (1) Adopting a multi-year operational budget;
- (2) Reducing operational costs compared to FY 2011-12 base-year levels;
- (3) Projecting realistic revenues to meet projected expenditures;
- (4) Funneling "one-time funds" following year-end audit to create positive balances in the FY 2013-14 Budget Stabilization Fund (i.e. Rainy Day Fund Balance);
- (5) Deferring Departmental cost items to a Supplemental Budget Request List for consideration by City Council (Priority-Ranked by City Manager).

Major Cost Factors

Please note that the ADOPTED BUDGET for FY 2013-15 is built upon a series of assumptions related to stabilizing operating costs through efficiencies, consolidation of budget expense accounts, cost savings from succession planning, and front-loading health care and pension costs. There are major cost factors contained in the ADOPTED BUDGET to be continually monitored that include:

- **Employee Labor Costs:** Effective July 1, 2013, a 2% cost-of-living increase (COLA) for miscellaneous employees and a 3% COLA adjustment for sworn employees will be implemented. This represents a \$803,112 increase from the final year of multi-year employee labor groups' MOU's set to expire on June 30, 2014. Any cost factors and/or

savings realized from our forthcoming negotiations with employee labor groups will be incorporated prior to budget adoption on June 30, 2014 as part of the Mid-Year Budget Cycle.

- **Workers' Compensation Costs:** An increase of \$340,888 in the City's premium for continued participation in the self-insured municipal risk pool authority due to a rebate period ending is a significant cost factor for FY 2013-14.
- **Medical & Dental Costs:** An increase of \$444,794 to reflect a 9% increase in City's health care premiums are included for FY 2013-14.
- **Retiree Health Costs:** An increase of \$68,220 to reflect a 9% increase in City's health care premiums are included for FY 2013-14.
- **Unemployment Insurance Costs:** An increase of \$89,250 previously not accounted for is now included for FY 2013-14.
- **Professional Services Costs:** An increase of \$294,402 in professional services costs associated with Circle S economic development, Measure Q funding programs, and Police Surveillance costs are included for FY 2013-14.
- **Community Grants/Special Event Costs:** An increase of \$106,658 to cover the Annual Community Grant Program expenses, and for the City's annual costs to support the Cinco de Mayo (\$26k), and 4th of July (\$79k) major community events are included in FY 2013-14.
- **Program Costs and Supplies:** An increase of \$96,270 in program costs for increasing civic engagement and community outreach expenses for the City/EDC Joint Newsletter and Recreation Services Guides printing costs (in multi-lingual format) are included for FY 2013-14.
- **No FTE Layoffs:** For FY 2013-15, there are no anticipated employee FTE layoffs planned as a cost savings or budget reduction strategy.

Projected Revenues

For FY 2013-15, in preparing for General Fund revenue forecasts, realistically conservative revenue projections were used to determine Total Revenues for budget balancing purposes. Many of these revenue projections were factored into the ADOPTED BUDGET, as follows:

- **Casino Revenue:** A flat ½% increase or \$16.5M was projected into FY 2013-14.
- **Property Tax Revenue:** No adjustments from prior years. However, slight increase of \$130,122 anticipated for FY 2013-14 in assessed valuation of secured property.
- **Sales Tax Revenue:** A projected increase of \$569,000 is anticipated due to Measure Q Sales Tax Measure, and \$134,000 is projected for other Sales Tax receipts due to increases in retail and internet sales for FY 2013-14.
- **Franchise Tax Revenue:** A projected increase of \$59,829 due to increases associated with City's Refuse Franchise Fee (Republic Services) for FY 2013-14.

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- **Code Enforcement Fee Revenue:** A projected increase of \$321,645 due to Master Fee Schedule amendments, effective July 1, 2013.
- **Gas Tax Revenue (State of CA Apportionment):** A projected increase of \$153,666 due to increase cost of fuel consumption in the State of CA.

Additionally, other revenues were reduced for FY 2013-14 due to fluctuations with energy and utility costs - Utility Users Tax **(\$101,000)**; end of 3-year COPS Funding of (3) Police Officers **(\$70,134)**; Principal and Loan Interest Payments for DMC Outpatient Center **(\$434,583)**, and overall all other revenues remaining flat **(\$74,682)**.

FINAL ADOPTED BUDGET SUMMARY

The following table represents the FINAL ADOPTED BUDGET summary (expense vs. revenue) for the period FY 2013-15, as follows:

<u>ADOPTED FY 2013-15 TWO YEAR BIENNEIAL BUDGET SUMMARY:</u>		
	<u>FY 2013-14</u>	<u>FY 2014-15</u>
TOTAL OPERATING EXPENDITURES:	\$27.2M	\$27.2M
TOTAL OPERATING REVENUES:	\$29.6M	\$29.5M
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SUB-TOTAL(S):	\$2.4M	\$2.3M
CIP Budget Transfer	(\$2.0M)	(\$2.0M)
Cal-PERS (Method 5 Policy)	- - -	(\$150K)
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SUMMARY TOTAL(S):	\$368K	\$174K
Tier 1 Supplemental Budget Requests (Approved)	(\$348K)	\$0
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TOTAL(S)	\$20K	\$174K

BUDGET SERVICES AD-HOC SUB-COMMITTEE REVIEW

On May 13, 2013, the City Manager and City's Budget Team reviewed the proposed expenditure plans for City Departments, projected revenues, and Supplemental Budget Items (Priority Rank #1-4), with the *Budget Service Ad-Hoc Sub-Committee*.

Following discussion of the preliminary DRAFT BUDGET, the *Budget Services Ad-Hoc Sub-Committee* was able to reconcile the City Manager proposed recommendations for the City Council's upcoming Public Budget Hearing scheduled for May 22, 2013, and proceed following the public budget hearing, with budget adoption on June 3, 2013 by the City Council.

From this standpoint, the City Manager discussed formulating policy recommendations to program the projected FY 2013/14 surplus of \$368,000 which would be used for Supplemental Budget Consideration which has been Priority-Ranked by the City Manager, as follows:

City Manager Policy Recommendation #1: (COUNCIL APPROVED)

FY 2013-15 Supplemental Budget Items – Staffing Resources (Priority Rank#1)

A total of \$348,000 in supplemental budget requests noted as Priority Rank #1 budget items was recommended by the Budget Services Ad-Hoc Sub-Committee to the City Council for approval on June 3, 2013.

City Manager Policy Recommendation #2:

FY 2013-15 Supplemental Budget Items – Staffing Resources (Priority Rank #2-4)

A remaining total of \$277,500 in supplemental budget requests noted as Priority Rank #2 - 4 budget items will be recommended for funding consideration by the Budget Services Ad-Hoc Sub-Committee to the City Council following determination of a new year-end audited Budget Stabilization Fund (BSF) for FY 2013-14. The City's Budget Team anticipates this audited fund will be available for review by October 1, 2013 for City Council review and consideration.

City Manager Policy Recommendation #3:

Establish a CalPERS Method 5 Funding Policy Reserve (Fund Balance) Policy

To counteract the unforeseen financial impacts of the CalPERS Method 5 funding policy for forthcoming FY 2015 – 2020 (5-year) period, the City Manager recommends the City Council establish a new reserve policy through the year-end audited BSF to mitigate the planned cost increases for this period.

ANALYSIS OF UNDESIGNATED FUND BALANCE (RESERVES)

During FY 2008/09, the City Council established a formal financial policy of maintaining a reserve of at least 50 percent of the General Fund's annual operating expenditures as undesignated fund balance. This balance is to be used to provide for temporary financing for unanticipated extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, economic recession, or an unexpected liability created by Federal or State legislative action.

The undesignated balance has been slightly eroded in the past several years as it has been used to provide **ONE-TIME** fiscal relief to WCCUSD programs and other unanticipated budgeted items approved by City Council. This was done to offset the downturn in City revenue during the current economic slowdown. This costly fiscal practice ended in FY 2010/11, and is no longer a budget balancing tool for financial contingencies.

For FY 2013-15, the undesignated fund balance (reserve) will be earmarked at \$14.6M* in accordance with the 50% General Fund Reserve Policy.

However, in an effort to protect reserves, the City Manager recommended establishment of a Budget Stabilization Fund in FY 2010-11 as a **fiscal safeguard** to protect the undesignated fund balance (reserves). Budget Stabilization Funds are generated at the end of each fiscal year period as unspent audited year-end cost savings and unanticipated revenues. Any material budget cost savings will not be known until the end of FY 2012-13 (June 30, 2013). The City Auditor will disclose this amount by the end of first quarter of FY 2013-14 which will be used to likely offset any unforeseeable financial impacts or Supplemental Budget Items after July 1, 2013 when the ADOPTED BUDGET is implemented.

Special Note: The BSF is considered a prudent fiscal balancing tool for financial contingencies; however, **caution must be noted** that the City Manager recommends the City Council formalize the broader designated use and transfer of BSF for priority areas instead of for additional GF spending: (1) Capital Improvement Program Budget; and (2) CalPERS Method 5 Funding Policy Reserve Policy for the upcoming FY 2013-15 period.

* Reserve amount updated as of June 30, 2013.

CONCLUSION AND ACKNOWLEDGEMENTS

The City Manager wishes to thank the City's Budget Team and those supporting City employees who participated in the budget planning process for FY 2013-15. Without their support, the City Manager would not be able to present a "balanced budget" for review and consideration. Instead, the City Manager would be recommending drastic operational cuts which would have diminished City services and forced the potential for FTE layoffs.

I would like to acknowledge and thank the City's Executive Leadership Group for their tremendous efforts in helping to develop efficient budget spending plans to keep in-line with base year FY 2011-12 levels, and for the time and effort they spent in analyzing fiscal impacts and options to keep projected expenses in-line with projected revenue levels.

As reiterated, a more permanent, long-term financial strategy to avoid the constant cycle of reduced or flat revenues and adding increased operating costs resulting in constant downsizing of the organization must be avoided. Instead, there needs to be constant monitoring of efficient spending (versus the reluctance to make major spending) in the future due to the substantial risks outlined in this Budget Message. Additionally, the City Manager would like to have the City Council and organization follow three (3) guiding principles as we exercise "**Fiscal Resiliency**" in the coming two-year period, as follows:

- **Achieve budget and service level stability**
- **Target investments to meet economic development goals**
- **Continue service delivery efficiencies and strategies to minimize cost and promote revenue growth**

I also want to thank a few key staff members who significantly assisted in the preparation and timely delivery of this budget, namely Assistant City Managers Kelsey Worthy and Walter Schuld, newly-retired Finance Director Bradley Ward, newly-appointed Finance Manager Kelly Sessions and Assistant to the City Manager Tina Gallegos. My thanks also extend to all employee support staff for their reflections and focus on the bigger picture.

Finally, I also want to thank the City Council for their support of this Administration. My staff and I look forward to working with you during the remainder of the FY 2012-13, and in the coming FY 2013-15 fiscal year period upon your favorable adoption.

Respectfully submitted:



Matt Rodriguez, City Manager

Date: 7-1-13